

ATTACHMENT N

Funding Restrictions Special Condition Template

Funding Restrictions

- A. If Recipient is an obligated party under either the California Low Carbon Fuel Standard (17 CCR 95480-95490) (LCFS) or initiatives under Assembly Bill 32 (17 CCR 95800-96023) (AB 32), Recipient may only receive funding for the portion of the project that exceeds what is required for compliance with the applicable performance requirement. For purposes of this Agreement, an “obligated party” is one that is required to meet a performance standard under the LCFS or AB 32 initiatives.
- B. If Recipient is an obligated party under the LCFS or AB 32 or if Recipient “opts in” to either program before or during the Agreement term, Recipient agrees that if it transfers credits during the term of the Agreement or for a period of three years thereafter, it will do so at a discounted value in proportion to the funding received from the Energy Commission for the project, according to the following formula:

$$(\text{Fair market value of credits}) \times (1 - [\text{Commission Share}/\text{Total Facility Costs}]),$$

where “Total Facility Costs” includes the Commission share plus all costs incurred for the grant funded project, even if not counted as match share (such as data collection, operation and maintenance costs, feedstock costs, etc.), and any prior investments related to the production of fuel from the project.

This requirement applies only to credits generated by the project during the term of the Agreement.

- C. If, during the term of the Agreement or for a period of three years thereafter, the Recipient transfers credits generated by the project during the term of the agreement, the Recipient shall submit a report to the Energy Commission that demonstrates that the value of the credit was discounted in proportion to the funding received by the Energy Commission. The report shall include:
- ☐ The Recipient’s name and Grant Agreement number,
 - ☐ The percentage of Commission funds to Recipient funds expended during the grant agreement,
 - ☐ The amount of fuel produced and credits generated during the term of the Agreement,

- ☐ The fair market value of the credits at the time of transfer, including a justification of that fair market value,
- ☐ The negotiated value of the credits at the time of transfer (must be at least reduced from the fair market value by the percentage of Commission funds received),
- ☐ Any additional information as specified in writing in advance by the CAM.

D. **If Recipient violates this term, the Commission may, without prejudice to any of its legal remedies, require the Recipient to repay the project funds in proportion to the value of the credits transferred in violation of this provision, remove the Recipient from eligibility for Alternative and Renewable Fuel and Vehicle Technology Program funding and/or bring a debarment action to preclude future incentives and awards.**

E. This term survives the end of the Agreement for any reason.